
By: **Delegate Edwards**
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Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
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CHAPTER _____

1 AN ACT concerning

2 **Small Rural Electric Cooperatives - Reporting, Compliance, and Exemption**

3 FOR the purpose of authorizing certain small rural electric cooperatives to satisfy
4 certain requirements for reporting certain information to the Public Service
5 Commission by submitting copies of certain reports submitted to certain other
6 units; authorizing the submission of certain estimates prepared using certain
7 formulas for certain purposes; exempting certain small rural electric
8 cooperatives from a certain planning requirement; providing to certain small
9 rural electric cooperatives an alternative method for complying with a certain
10 testing requirement; and generally relating to the Public Service Commission
11 and small rural electric cooperatives.

12 BY repealing and reenacting, with amendments,
13 Article - Public Utility Companies
14 Section 2-110(c), 2-118, 6-205, 7-201, 7-203, and 7-301
15 Annotated Code of Maryland
16 (1998 Volume and 2002 Supplement)

17 BY repealing and reenacting, without amendments,
18 Article - Public Utility Companies
19 Section 7-502(a)
20 Annotated Code of Maryland
21 (1998 Volume and 2002 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
23 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - Public Utility Companies**

2 2-110.

3 (c) (1) (i) Before each State fiscal year, the Chairman of the Commission
4 shall estimate the Commission's total costs and expenses, including:5 1. the compensation and expenses of the Commission, its
6 officers, agents, and personnel;7 2. the cost of retirement contributions, Social Security,
8 health insurance, and other benefits required to be paid by the State for the personnel
9 of the Commission;10 3. all other maintenance and operation expenses of the
11 Commission; and

12 4. all other direct and indirect costs of the Commission.

13 (ii) The estimate shall exclude the expenses associated with
14 services performed by the Commission for which the Commission is reimbursed under
15 this article.16 (iii) The estimate shall include, as provided by the Office of People's
17 Counsel:18 1. the compensation and expenses of the Office of People's
19 Counsel, its officers, agents, and personnel;20 2. the cost of retirement contributions, Social Security,
21 health insurance, and other benefits required to be paid by the State for the personnel
22 of the Office of People's Counsel;23 3. all other maintenance and operation expenses of the Office
24 of People's Counsel; and25 4. all other direct and indirect costs of the Office of People's
26 Counsel.27 (2) Based on the estimate, the Chairman shall determine the amount to
28 be paid by each public service company.29 (3) The Commission shall send a bill to each public service company on
30 or before May 1st of each year.

31 (4) (I) The bill shall equal the product of:

32 [(i)] 1. the estimated total costs and expenses of the Commission
33 and the Office of People's Counsel during the next fiscal year; multiplied by

1 [(ii)] 2. the ratio of the gross operating revenues for the public
2 service company derived from intrastate utility and electricity supplier operations in
3 the preceding calendar year, or other 12-month period as the Chairman determines,
4 to the total of the gross operating revenues derived from intrastate utility and
5 electricity supplier operations for all public service companies that are billed under
6 this section over that period.

7 (II) TO THE EXTENT THAT THE COMMISSION REQUIRES AN
8 ELECTRIC COMPANY TO REPORT THE GROSS OPERATING REVENUE DERIVED FROM
9 INTRASTATE UTILITY AND ELECTRICITY SUPPLIER OPERATION IN ORDER TO
10 CALCULATE THE BILL UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, A SMALL
11 RURAL ELECTRIC COOPERATIVE DESCRIBED IN § 7-502(A) OF THIS ARTICLE MAY
12 SATISFY THE REQUIREMENT BY SUBMITTING TO THE COMMISSION ~~A COPY OF A~~
13 ~~REPORT INCLUDING THAT AN ESTIMATE MADE IN ACCORDANCE WITH A FORMULA~~
14 ~~APPROVED BY THE COMMISSION FROM INFORMATION THAT THE SMALL RURAL~~
15 ~~ELECTRIC COOPERATIVE SUBMITS TO THE UTILITY REGULATORY BODY OF THE~~
16 ~~STATE IN WHICH THE COOPERATIVE HAS ITS PRINCIPAL PLACE OF BUSINESS RURAL~~
17 UTILITIES SERVICE.

18 (5) The minimum bill for a public service company shall be \$10.

19 (6) The public service company:

20 (i) shall pay the bill on or before the next July 15th; or

21 (ii) may elect to make partial payments on the 15th days of July,
22 October, January, and April.

23 (7) A partial payment shall equal 25% of the bill and may not be less
24 than \$10.

25 (8) During any State fiscal year, the Chairman may change the estimate
26 of costs and expenses of the Commission and the estimate of costs and expenses of the
27 Office of People's Counsel, as changed by the People's Counsel.

28 (9) (i) If the estimate is changed, the Commission shall send a revised
29 bill to each public service company that has elected to make partial payments.

30 (ii) The change shall be apportioned equally against the remaining
31 payments for the fiscal year.

32 (10) (i) On or before September 15th of each year, the Chairman shall
33 compute the actual costs and expenses of the Commission, and the actual costs and
34 expenses of the Office of People's Counsel, as provided by the People's Counsel for the
35 preceding fiscal year.

36 (ii) After deducting the amounts recovered under §§ 2-111(a) and
37 2-123 of this subtitle, on or before October 15th, the Chairman shall send to any
38 public service company that is affected a statement that shows the amount due or the
39 amount to the credit of the public service company.

1 (11) (i) A public service company shall pay an amount due within 30
2 days after the statement is received.

3 (ii) An amount to the credit of a public service company shall be
4 applied against any succeeding payment due.

5 (12) The total amount that may be charged to a public service company
6 under this section for a State fiscal year may not exceed:

7 (i) 0.17% of the public service company's gross operating revenues
8 derived from intrastate utility and electricity supplier's operations in the preceding
9 calendar year, or other 12-month period that the Chairman determines, for the costs
10 and expenses of the Commission other than that of the Office of People's Counsel;
11 plus

12 (ii) 0.05% of those revenues for the costs and expenses of the Office
13 of People's Counsel.

14 2-118.

15 (a) This section does not apply to [taxicabs, power boat companies, toll
16 bridges, or towing and lightering companies]:

17 (1) TAXICABS;

18 (2) POWERBOAT COMPANIES;

19 (3) TOLL BRIDGES;

20 (4) TOWING AND LIGHTERING COMPANIES; OR

21 (5) SMALL RURAL ELECTRIC COOPERATIVES DESCRIBED IN § 7-502(A) OF
22 THIS ARTICLE.

23 (b) The Commission shall require each public service company subject to its
24 jurisdiction to formulate and, after approval by the Commission, to implement
25 long-range plans to provide regulated service.

26 (c) The Commission shall require each electric company in the State to
27 include in the long-range plan adequate, cost-effective provisions to promote energy
28 conservation to decrease or moderate electric and, as appropriate, natural gas
29 demand for regulated service from customers.

30 (d) (1) The Commission shall review each plan for adequacy under the
31 criteria of § 2-113 of this subtitle, giving attention to the interrelationship of services
32 of other public service companies and to provisions for research and development to
33 ensure adequate service.

34 (2) As part of the review, and subject to any applicable Freedom of
35 Information Act, the Commission shall consult with other State units and provide an
36 opportunity for public comment.

1 (3) The Commission shall require the revisions to a plan that the
2 Commission considers appropriate unless the authority to review and approve a plan
3 has been granted to another State unit by other law.

4 6-205.

5 (a) (1) This subsection does not apply to railroads.

6 (2) Each public service company shall file with the Commission an
7 annual report containing information on its corporate structure, affiliations of its
8 officers and directors, and debt holdings.

9 (3) (I) Notwithstanding any specific reporting requirements in this
10 subtitle, the Commission may prescribe the contents of the annual report to be filed
11 by a public service company whose gross annual revenues for the most recent
12 calendar year for which data are available are less than 0.003% of the total gross
13 annual revenues of all public service companies in the State during the same calendar
14 year.

15 (II) A SMALL RURAL ELECTRIC COOPERATIVE DESCRIBED IN §
16 7-502(A) OF THIS ARTICLE MAY SATISFY THE REPORTING REQUIREMENT BY
17 SUBMITTING TO THE COMMISSION A COPY OF A REPORT INCLUDING THE REQUIRED
18 INFORMATION THAT THE SMALL RURAL ELECTRIC COOPERATIVE SUBMITS TO THE
19 ~~UTILITY REGULATORY BODY OF THE STATE IN WHICH THE COOPERATIVE HAS ITS~~
20 ~~PRINCIPAL PLACE OF BUSINESS~~ RURAL UTILITIES SERVICE.

21 (b) The president, treasurer, or general manager of a public service company
22 shall verify the company's annual report under oath.

23 (c) The Commission may:

24 (1) require a public service company to submit reports and information
25 that the Commission reasonably desires;

26 (2) prescribe the form, contents, and deadlines for the reports and
27 information; and

28 (3) require amendments or corrections to the reports within a set period.

29 7-201.

30 (a) (1) Annually, the Chairman of the Commission shall forward to the
31 Secretary of Natural Resources a 10-year plan listing possible and proposed sites,
32 including the associated transmission routes, for the construction of electric plants
33 within the State.

34 (2) (i) The Chairman shall delete from the 10-year plan any site that
35 the Secretary of Natural Resources identifies as unsuitable in accordance with the
36 requirements of § 3-304 of the Natural Resources Article.

1 (ii) The Chairman may include a site deleted from a 10-year plan
2 under subparagraph (i) of this paragraph in a subsequent 10-year plan.

3 (3) The Chairman shall include information in the annual 10-year plan
4 on current and projected efforts by electric companies and the Commission to
5 moderate overall electrical generation demand and peak demand through the electric
6 companies' promotion of energy conservation by customers and through the electric
7 companies' use of alternative energy sources, including cogeneration.

8 (4) TO THE EXTENT THAT THE COMMISSION REQUIRES AN ELECTRIC
9 COMPANY TO REPORT THE INFORMATION DESCRIBED IN PARAGRAPH (3) OF THIS
10 SUBSECTION, A SMALL RURAL ELECTRIC COOPERATIVE DESCRIBED IN § 7-502(A) OF
11 THIS TITLE MAY SATISFY THE REQUIREMENT BY SUBMITTING TO THE COMMISSION
12 A COPY OF ~~A REPORT~~ THE POWER REQUIREMENT STUDY THAT THE SMALL RURAL
13 ELECTRIC COOPERATIVE SUBMITS TO THE FEDERAL ENERGY REGULATORY
14 COMMISSION THAT INCLUDES THE REQUIRED INFORMATION RURAL UTILITIES
15 SERVICE.

16 (b) (1) The Commission shall evaluate the cost-effectiveness of the
17 investments by electric companies in energy conservation to reduce electrical demand
18 and in renewable energy sources to help meet electrical demand.

19 (2) The evaluation of investments shall include:

20 (i) the electric companies' promotion and conduct of a building
21 audit and weatherization program, including low-interest or no-interest electric
22 company financing for the installation of energy conservation materials and
23 renewable energy devices;

24 (ii) utilization of renewable energy sources;

25 (iii) promotion and utilization of electricity from cogeneration and
26 wastes; and

27 (iv) widespread public promotion of energy conservation programs.

28 7-203.

29 (a) (1) The Commission shall:

30 (i) impose an environmental surcharge per kilowatt hour of
31 electricity distributed to retail electric customers within the State; and

32 (ii) authorize each electric company to add the full amount of the
33 surcharge to its customers' bills.

34 (2) To the extent that an electric company fails to collect the surcharge
35 from its customers, the amount uncollected shall be deemed a cost of power
36 distribution and allowed and computed as such together with other allowable
37 expenses for purposes of rate-making.

1 (b) (1) The Comptroller shall collect the revenue from the surcharge
2 imposed under subsection (a) of this section and place the revenue into a special fund,
3 the Environmental Trust Fund.

4 (2) The Comptroller shall maintain the method of collection of the
5 surcharge from each electric company, and the money collected shall accrue to the
6 Fund.

7 (c) (1) Each fiscal year, the Secretary of Natural Resources shall coordinate
8 the preparation of the annual budget required to carry out the provisions of the Power
9 Plant Research Program under Title 3, Subtitle 3 of the Natural Resources Article.

10 (2) Each fiscal year, on approval of the annual budget by the General
11 Assembly for the Power Plant Research Program, the Commission shall establish the
12 amount of the environmental surcharge per kilowatt hour of electric energy
13 distributed in the State that is to be imposed on each electric company in accordance
14 with subsection (a) of this section.

15 (d) (1) Notwithstanding any other provision of this subtitle, the amount of
16 the surcharge for each account of each retail electric customer may not exceed the
17 lesser of 0.15 mill per kilowatt hour or \$1,000 per month.

18 (2) The Department of Natural Resources shall credit against the
19 amount the Commission requires each electric company to pay into the
20 Environmental Trust Fund 0.75% of the total surcharge amount attributed to the
21 electric company on the basis of the amount of the electricity distributed in the State.

22 (E) TO THE EXTENT THAT THE COMMISSION REQUIRES AN ELECTRIC
23 COMPANY TO REPORT THE TOTAL ESTIMATED KILOWATT HOURS OF ELECTRICITY
24 DISTRIBUTED IN THE STATE IN ORDER TO CALCULATE THE SURCHARGE UNDER
25 SUBSECTION (A)(1) OF THIS SECTION, A SMALL RURAL ELECTRIC COOPERATIVE
26 DESCRIBED IN § 7-502(A) OF THIS TITLE MAY SATISFY THE REQUIREMENT BY
27 SUBMITTING TO THE COMMISSION ~~A COPY OF A REPORT~~ AN ESTIMATE MADE IN
28 ACCORDANCE WITH A FORMULA APPROVED BY THE COMMISSION FROM
29 INFORMATION THAT THE SMALL RURAL ELECTRIC COOPERATIVE SUBMITS TO THE
30 ~~FEDERAL ENERGY REGULATORY COMMISSION~~ RURAL UTILITIES SERVICE THAT
31 INCLUDES THE REQUIRED INFORMATION.

32 [(e)] (F) The surcharge imposed under this subtitle shall terminate on June
33 30, 2005.

34 7-301.

35 (a) A person may not furnish or put in use for revenue billing purposes a gas
36 meter or electric meter unless the Commission has authorized the meter's use.

37 (b) (1) Each gas company and electric company shall maintain suitable
38 equipment, approved by the Commission, for testing the accuracy of a gas meter or
39 electric meter furnished by the company for use by its customers.

1 (2) The gas company or electric company shall test a customer's meter
2 with the equipment in accordance with § 7-302 of this subtitle.

3 (3) A SMALL RURAL ELECTRIC COOPERATIVE DESCRIBED IN § 7-502(A)
4 OF THIS TITLE MAY SATISFY THIS SECTION BY DEMONSTRATING THAT THE
5 ELECTRIC METERS WHICH IT FURNISHES TO CUSTOMERS COMPLY WITH THE
6 STANDARDS OF THE UTILITY REGULATORY BODY OF THE STATE IN WHICH THE
7 COOPERATIVE HAS ITS PRINCIPAL PLACE OF BUSINESS.

8 (c) (1) This subsection applies to:

9 (i) a new residential multiple occupancy building;

10 (ii) a new shopping center; or

11 (iii) a new housing unit that is constructed, managed, operated,
12 developed, or subsidized by a local housing authority established under Article 44A of
13 the Code.

14 (2) The service restrictions imposed under this subsection do not apply to
15 central hot water.

16 (3) The Commission may not authorize a gas company or electric
17 company to service an occupancy unit or shopping center unit subject to this
18 subsection unless the building or shopping center has individual metered service or
19 submetering as provided under § 7-303 or § 7-304 of this subtitle for each
20 individually leased or owned occupancy unit or shopping center unit.

21 (4) In accordance with its regulations, the Commission may authorize a
22 gas company or electric company to provide service for central heating or cooling
23 systems, or a combination of those systems, to an occupancy unit or shopping center
24 unit subject to this subsection if the Commission is satisfied that the service will
25 result in a substantial net saving of energy over the energy saving that would result
26 from individual metering or submetering as provided under § 7-303 or § 7-304 of this
27 subtitle.

28 (d) The owner, operator, or manager of a residential multiple occupancy
29 building or shopping center subject to this section may not impose a utility cost on an
30 occupancy unit or shopping center unit, except for charges that:

31 (1) the Commission authorizes the gas company or electric company to
32 impose; and

33 (2) the gas company or electric company actually imposes on the owner,
34 operator, or manager.

35 7-502.

36 (a) Except as required under subsection (b) of this section, the provisions of
37 this subtitle may not be applied to a small rural electric cooperative that:

- 1 (1) has less than 10% of its distribution territory within the State;
- 2 (2) maintains its principal place of business outside the State; and
- 3 (3) is subject to, and conducts its operations within the State in
- 4 compliance with, the laws of the state in which its principal place of business is
- 5 located.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 July 1, 2003.